MASTER
NEGATIVE
NO. 94-82082-9

COPYRIGHT STATEMENT

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials including foreign works under certain conditions. In addition, the United States extends protection to foreign works by means of various international conventions, bilateral agreements, and proclamations.

Under certain conditions specified in the law, libraries and archives are authorized to furnish a photocopy or other reproduction. One of these specified conditions is that the photocopy or reproduction is not to be "used for any purpose other than private study, scholarship, or research." If a user makes a request for, or later uses, a photocopy or reproduction for purposes in excess of "fair use," that user may be liable for copyright infringement.

The Columbia University Libraries reserve the right to refuse to accept a copying order if, in its judgement, fulfillment of the order would involve violation of the copyright law.

Author:
U.S. Dept. of Labor

Title:
Report and recommendations of the...

Place:
[Washington, D.C.]

Date:
[1946]

94-82082-9
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

BUSINESS
D267
Un395

U. S. *Dept. of labor. Fact-finding board in the International harvester case.*

Report and recommendations of the Fact-finding board in the International harvester case, February 18, 1946 ... [Washington, 1946]

2 p. l., v, 14, A-1–A-30 numb. l. 27cm.

Reproduced from type-written copy.
Philip G. Marshall, chairman.

1. International harvester company. 2. Wages—U. S. 3. Agricultural machinery—Trade and manufacture—U. S. I. Marshall, Philip G. II. United farm equipment and metal workers of America.

L46–80

U. S. Dept. of labor. Libr.
for Library of Congress [3]
Bus.

RESTRICTIONS ON USE:

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 12x IMAGE PLACEMENT: (IA) IIA IB IIB

DATE FILMED: 5|13|94 INITIALS: W.W.

TRACKING # : MSH #00911

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

2.0 mm ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz1234567890

1.5 mm ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz1234567890

PM-MGP 13″x18″
METRIC GENERAL PURPOSE TARGET
PHOTOGRAPHIC

150 mm

100 mm

A4

A5

1.0 mm

1.5 mm

2.0 mm

2.5 mm

PRECISION℠ RESOLUTION TARGETS

Century

A&P

1303 Geneva Avenue
St. Paul, MN 55119

4.5 mm ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz
1234567890

3.5 mm ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz1234567890

Columbia University
in the City of New York

THE LIBRARIES

SCHOOL OF BUSINESS

LIBRARIES
NOV 24 1946
RECEIVED

REPORT AND RECOMMENDATIONS OF

THE FACT-FINDING BOARD

IN THE

INTERNATIONAL HARVESTER CASE

February 18, 1946

William H. Holly
William H. Spencer
Philip G. Marshall,
Chairman

COLUMBIA
UNIVERSITY
LIBRARY

Business
D247
.U5 395

REPORT AND RECOMMENDATIONS OF

THE WORLD-WIDE LOANS

IN THE

INTERNATIONAL HARVESTER CASE

February 15, 1945

William H. Holly
William H. Spencer
Philip C. Marshall,
Chairman

COLUMBIA
UNIVERSITY
LIBRARY

SEP 14 1949 BB

February 18, 1946

Honorable L. B. Schwellenbach
Secretary of Labor
Washington, D. C.

Dear Mr. Secretary

We transmit herewith the Report and Recommendations of the Fact-Finding Board which you appointed to investigate the dispute involving the United Farm Equipment and Metal Workers, C.I.O., and the International Harvester Company.

We desire to acknowledge and express our deep appreciation for the assistance and cooperation received from all Divisions of the Department of Labor. We particularly wish to thank the efficient staff of the Board: Mr. Arnold Tolles, Executive Secretary; Mr. John Parrish of the Bureau of Labor Statistics, Economist; Mr. John Forsythe, of the Solicitor's Office, Counsel; Mr. Joseph Cohen, Press Officer; and Mrs. E. Vallon, Secretary.

Mr. Ronald Haughton of the Conciliation Service, Mr. Toivo P. Kanninen of the Bureau of Labor Statistics, Mr. John McCurry of the Wage Stabilization Board and many others were exceedingly helpful in facilitating the work of the Board.

We hope the report will prove helpful in providing a basis for settlement of the dispute and a speedy end to the strike.

Sincerely,

Philip G. Marshall, Chairman

William H. Spencer

William H. Holly

TABEL OF CONTENTS

		Page
Letter of transmittal		
I	General Wage Issue	1
II	Union Security	A-1
III	Pay to Union Stewards	A-2
IV	Arbitration	A-3
V-A	Effect of General Wage Increases on Piece-Work Prices	A-5
B	Revision of Job Classifications, Labor Grades and Individual Wage Rates	A-8
C	Procedures in Settling Piece-Work Prices	A-15
D	Allowance Rules	A-20
VI	Vacations	A-24
VII	Premium Pay for Continuous Operations	A-27
Summary		A-28

REPORT AND RECOMMENDATIONS OF

THE FACT-FINDING BOARD IN THE INTERNATIONAL HARVESTER CASE

The Secretary of Labor appointed this Fact-Finding Board on January 12, 1946. Under the terms of the original order, the Board was required to report to the Secretary of Labor within thirty days. Subsequently, an extension of one week was granted.

At its opening session, the Board was advised by the parties that all terms of the prospective collective bargaining contract remained in dispute. Consequently, the parties were urged to resume collective bargaining in the hope that the dispute could be resolved or at least the number of issues in dispute reducted to a reasonable number.

Collective bargaining was resumed by agreement of the parties. Unfortunately, a completed contract did not result. The parties did agree, however, that seven issues were of prime importance; and both the Company and the Union indicated that if the seven issues could be resolved, the balance of the issues would present no major problem to the consummation of a completed collective bargaining agreement.

This report, therefore, deals only with the seven issues identified by the parties as the major issues in dispute. The seven issues are:

I. The general wage issue, involving a Union demand for a thirty percent increases in wages.

II. Union security.

III. Payment to Union shop stewards and committeemen for time spent on handling grievances..

IV. Arbitration as the final step in the grievance procedure.

V. A series of demands by the Union involving changes in the Company's wage structure and incentive plan:

A. Incorporation of all general increases heretofore given into the piece-rate prices. (All general wage increases granted by the Company since 1936, or a total of approximately 24½ cents, are presently paid to the piece workers as an hourly bonus instead of being incorporated directly into the piece-rate prices.)

B. Changes in the job evaluation and labor grade system presently in use in all the Company's plants.

C. Changes in the methods and procedures for setting piece-work prices, including provision for fuller Union participation in these procedures.

D. Extent of allowances for piece workers where normal production operations are disturbed.

VI. Liberalization of the present vacation plan.

VII. Premium pay for Saturday and Sunday work for those employees who are on continuous shift operations.

The Company, the Industries and the Plants Involved in this Dispute

The International Harvester Company is a corporation with a book value of nearly 500 million dollars which is primarily engaged in the manufacture and sale of agricultural implements. As a producer of agricultural implements, it is by far the largest manufacturer in the world. In addition, the International Harvester Company is a highly integrated concern. Its operations extend from the growing of sisal in Cuba and the mining of coal and iron ore in the United Staes to the distribution, servicing and financing of its final products in the United States and numerous foreign countries. Nor is the company wholly limited to farm equipment. It manufactures and sells important lines of trucks, tractors and engines for industrial uses.

Within the area of manufacturing, the company is engaged in the following eight industries, as classified by the U. S. Census Manufacturers:

	Sample Products
Blast Furnace Products	Pig Iron
Agricultural Implements, including Tracts	nearly all
Carriages, Wagons, Sleighs and sleds	Farm Wagons
Cordage and Twine	Binder Twine
Electrical Machinery, Apparatus and Supplies	Magnetoes, etc.
Engines, Turbines, Waterwheels and Windmills	Power Units
Motor Vehicles, Bicyles and Parts	Trucks
Steel Works and Rolling Mills	Ingots

The Company is a major producer of agricultural implements, including tractors, and motor trucks and farm wagons.

Within the specific field of the manufacture of agricultural implements, including tractors, International Harvester is the dominent concern among the eight companys which produce about nine-tenths of these products in the United States:

Allis - Chalmers Manufacturing Company

International Harvester Company

B. F. Hvery and Sons

J. I. Case Company

Deere and Company

Massey - Harris Company

Minneapolis - Moline Power Implement Company

Oliver Farm Equipment Company

This particular dispute between International Harvester and the United Farm Equipment and Metal Workers Union involves the employees in eleven of the company's plants. These plants have recently employed about 24,000 workers or nearly half of the company's employees within the United States. These eleven plants are engaged in the agriculture machinery cordage and electrical needing industries. They include the bulk of the company's employees who are engaged in making farm implements and tractors and they comprise about one-third of all the workers which the Census Bureau has classified as workers in the agricultural machinery industry.

I. GENERAL WAGE ISSUE

The union requested a general overall increase of 30 percent in the wages of all workers covered by its contracts with the International Harvester Company. The reasons advanced by the union for this request include the following:

1. The request is in accordance with national policy as enunciated by the late President Roosevelt and again by President Truman in Executive Orders 9599 and 9651.

2. It is necessary and desirable to compensate workers for the recent reduction in earnings resulting from the cutback from wartime hours to the 40 hour a week and from the more rigid administration of wage schedules.

   The cutback in hours from wartime levels to 40 hours a week has resulted in a decrease of $13 a week, or 23 percent in take-home pay, for International Harvester workers. Since the cost of living has gone up at least 40 percent since 1941, the loss will reduce workers to a standard of living no higher, in fact, even below the level of 1941.

3. Workers recently suffered an additional reduction of approximately 2 percent when, in October 1945, the Company by unilateral action terminated a special service compensation bonus.

   The present take-home pay is not sufficient to provide a minimum decent standard living as set forth by the Heller Committee on Social Economics of the University of California.

4. The workers of the International Harvester Company have not had a general wage increase since 1942. They sacrificed the need for wage increase in 1943, 1944, and 1945 to the interest of wartime stabilization and to the winning of the war.

5. The request of the union of the International Harvester is predicated on the ability of the company to pay the requested increase without raising prices. This is indicated by the company's unprecedented financial position from the viewpoint of profits, market outlook, taxes, reserves, minimum reconversion costs and productivity. The company is protected against losses by Federal tax laws.

In 1943, before the War Labor Board, the company testified the union's demands would cost 22 million dollars - would necessitate price relief - and would impose a serious financial problem to the company. Yet in the company's report in 1944 to the stockholders it was stated that the ultimate effects of the union's demands for wage increases would not materially affect the company's profit position.

Unit labor costs in this company and the farm equipment industry generally are low. Labor costs range from 5 to 14 percent of the total cost of farm equipment products according to a report of the Federal Trade Commission in 1936. The average cost per item was 10 percent. On one typical tractor item total production cost was as follows: Material, 29.3 percent; overhead, 11 percent; labor, 7.4 percent; total, 47.7 percent. In other words, the total cost Paid by a farmer for a tractor, only 47.7 percent are direct manufacturing costs.

6. The requested wage increase is necessary to maintain purchasing power and a high volume of production. Workers desire to avoid the unbalanced economy of the 1920's when profits, prices, productivity and corporate savings outstripped wages and salaries. The economic collapse which followed adversely affected not only the wage earner but all groups. The union's request is based on sound economic theory as advanced by some of the nation's ablest economists.

The company's position on the request of the union for a 30 percent wage increase may be summarized as follows:

1. The management of the International Harvester Company has always followed a conservative financial policy. It has not made high profit in relation to capital stock and reserves. This is true not only of the International Harvester Company, but also the agricultural implement industry as a whole. The industry was in 57th place in a list of 76 industries ranked in ratio of net profits to sales in 1944 by the Federal Trade Commission. Other studies show the same relative status.

2. The liquid assets of the company of 1945 which total 185 million dollars is an unusually high figure. It is in sharp contrast to 64 million dollars in 1940 and 102 million in 1941. Assets were unusually high in 1945 because high farm income enabled farmers to pay cash for equipment, thus reducing accounts receivable. Before the war, the latter ran as high as 100 million dollars, but are currently at a very low level. A second reason for the temporarily high level of assets is that during the war the company could not spend a normal amount on plant facilities. By 1947 the large surplus now possessed by the company will probably be exhausted. In expending these monies on plant construction, the company will provide greater employment for its workers.

3. The future outlook for profits cannot be predicted in 1946, any more than they could have been in 1929. Predictions are hazardous because of price changes, changes in demand, efficiency of labor, taxes, material costs, etc.

4. The Company's unit labor costs have gone up, not down, during the war. Worker efficiency has deteriorated. For example, it required 2.49 hours to assemble an engine in 1941. It required 4.09 hours in 1945. Numerous examples bear out the general trend.

5. The Company's benefit from the carry back provisions of the tax laws have been exaggerated. If the Company has losses in 1946 it will have to absorb about one-half of the loss.

6. Take home pay has compensated workers for rising living costs during the war. Between April 1941 and 1945 the Company granted 14½ cents per hour general increase to all workers. In addition the company granted as a result of War Labor Board directive, an increase of 10 cents an hour to certain skilled workers and 5 cents an hour to certain semi-skilled and unskilled workers.

In addition to the general or partial increases cited above, average straight time hourly earnings increased because of the following factors:

a. Liberalization of merit-rating.
b. Reclassifications
c. Increases in specific piece rate prices
d. Greater effort on long runs by some piece workers, though this factor is of minor significance.
e. Reclassification of individual workers
f. Re-evaluation and upgrading of job classifications
g. Changes in the occupational structure necessitated by product or method changes.
h. Liberalization of allowance rules

7. A 30 percent increase in wages and salaries would result in a net increase in operating cost of $35,589,000. This would just about wipe out the total profit of the Company for the year 1945 before deducting Federal Income Taxes (37 million dollars). To the increased wage costs must be added any increases in material costs authorized by OPA.

8. The 17 cent an hour offered by the Company in an effort to avoid the current strike would have met the Union's demands for compensation for loss in take home pay. This is shown by the following figures:

	Average Straight Time Hourly Earnings	Percent Increase January 1941
January 25, 1941	.856	
December 23, 1945	1.155	34.9
Company offer of 17 cents, February 1946	1.325	54.8

On a 40 hour a week, weekly take home in 1946 would equal approximately $53 which is roughly equivalent to take home earnings during the war years.

Basis of Board Findings on General Wage Issue

The points listed above are believed to represent an adequate summary of the contentions of the parties before this Board on the issue of general wage increase. In addition, the company did freely provide the Board with a large volume of financial data for whatever relevance it might have on the so-called "ability-to-pay" aspect of this case. In offering these financial data in evidence, the company representatives indicated their view that this concept, "ability to pay," in the broad sense, involved a decision as to how the company's revenues should be distributed between its stockholders, the wage earners and the consumers of its products. The Board does not consider itself to be competent to rule on any such broad issue of social and economic policy. To this view, we have no doubt both parties subscribe.

Taken altogether, the sum of the contentions presented to this Board do not provide any precise or compelling basis for a recommendation as to the extent of the general wage increase that should be granted. Hence the Board has been forced to develop its own standards of what would constitute a fair and equitable settlement of the union's demand for a general increase in wage rates of 30 percent at this time.

In developing any such standard of judgement, an important consideration must be the range of minimum and maximum which the parties could have reached through free and unhampered collective bargaining. The Board believes that the issue of a general wage-rate adjustment could have been settled by the parties themselves, had not the climate of industrial relations in recent months operated to frustrate such efforts. Fortunately, there are in this case some clear indications of the area of

collective bargaining within which an unhampered settlement could have been achieved.

The union's specific demand for a general increase in wage rates of 30 percent proceeds from a logical premise that an increase of such amount is required to equalize the gross weekly earnings at 40 hours with those earned during the wartime schedule of 48 hours a week. There is much merit from the standpoint of long-run national policy in the objective of maintaining and increasing the volume of wage payments and hance the volume of consumer purchases of the products of industry and agriculture. However, the union's demand for a 30 percent increase in wage rates, at this time, must be examined critically. It amounts to a demand that the peak level of wartime earnings be maintained, in spite of shorter hours of work at a time when industry is involved in reconversion. If on the other hand, the aim should be to equalized earnings at the average hours worked during the whole period, 1940-45, with full allowance for overtime premiums, the indicated wage adjustment appropriate to a postwar schedule of 40 hours would be considerably less than 30 percent.

During the period of collective bargaining, prior to the appointment of this Board, the company offered a general wage increase of ten (10) percent and it proceeded to put this increase into effect in such plants as were not affected by the present dispute. No price application was filed after effectuating this increase, nor was it ever indicated that this increase might form the basis of any future price adjustment. Prior approval would have been sought, of course, if the wage increase was conditioned upon an adjustment in price levels.

After this Board had begun its hearings, but prior to the taking of complete testimony, the company voluntarily increased its offer from ten percent to a general wage increase of 17 cents per hour (equal to about 14½ percent and described by the company as about 15 percent). While the company gave no indication that it had any intention of applying for price relief as a result of the cost of this 17-cent offer, the company did state before this Board that it could not estimate several important factors in its financial situation such as unit labor costs (as affected by labor efficiency), volume of sales, and prices of the materials it purchases. It seems fair to assume, however, that the 17-cent increase was offered by the company with full knowlege that other costly demands of the union had not been resolved, particularly those involving a drastic revision of its wage structure and its incentive system. The company's offer of a 17-cent increase must represent a conservative judgement as to the amount the company believed it could afford to grant, particularly in view of the other costly and unresolved issues that remained outstanding.

A careful regard for all the factors just described has assisted the Board in determining the range of possible wage increases which would be fair and reasonable in the circumstances of this particular case. In addition, the Board has considered the recent wage increases granted in related industries where workers of similar skills are employeed, where related products are made and where the companies have similar price margins and ratios of profit as here involved. As will be indicated below, the recent wage settlements of a comparable character have involved general wage rate increases in the range between 10 and 20 percent, depending on the facts and circumstances of each case.

Recommenation as to General Wage-Rate Increase

A wage rate increase of 18 cents per straight-time hour is recommended as a fair basis for the settlement of this dispute. The recommended increase is one cent per hour more than has been offered by the company, ½ to 1½ cents less than the largest recent increase in similar cases and about 17 cents less than the maximum demand of the union. In comparing this recommendation with the company's offer, the Board notes that its recommendations on the many other issues presented do not involve any such large and immediate increases in labor costs as had been feared by the company.

Tests of the Reasonableness of the General Wage-Rate Recommendation

The Board's recommendation of a general wage increase of 18 cents per hour has been based on its judgement as to all of the considerations previously explained. Before forming any final opinion as to the 18-cent recommendation, however, the Board has subjected its judgement to four tests:

1. Does the company's financial position and its prospects warrent an 18-cent increase in wages?
2. How would an 18-cent increase square with the trends of the workers' earning and of living costs since January 1941?
3. How would an 18-cent increase compare with the recent pattern of wage settlements?
4. Does the recommended wage increase conform to the standards in Executive Order 9697, as issued after the conclusion of the testimony in this case but before the announcement of the recommendations of this Board?

1. Company Position and Prospects

The company has estimated that 30 percent increase in wages and salaries to all of its employees would involve a net cost of 35½ million dollars a year, the cost of the recommended increase would be slightly more than half of that amount. An additional wage cost of 18 millions may be compared with net profits before Federal income taxes of 43 to 57 millions and after income taxes of 24½ to 30 millions. These are the averages of profit for the 6 years, 1940-45, with the lower profit figure in each case representing the company's estimate for 1945, presented in advance of the final calculation for that year. Even if the 18 millions were regarded as a straight subtraction form an income like that of 1945, a net profit of 6 millions would remain. This would be more than enough to cover the company's regular dividend on preferred stock, without dipping into surplus or reserves.

Over the years the company has accumulated an earned surplus of about 50 millions besides setting aside reserves of about 100 millions. In addition to these reserves of the domestic company, the foreign subsidiaries of this concern carry reserves of 22 millions against a book value of investiment of 52 millions and this was after 10 millions of reserves had been used to eliminate the book value of all investments in Germany, Italy, France, Denmark and Latvia. Actually the company's 2 plans in France were only slightly damaged and are now in operation.

Reserves and surplus do not, by themselves, indicate the existence of ready cash to meet a wage bill. However, the cash and marketable securities of this company have risen from 64 to 185 millions since 1940. This highly liquid position has resulted from the war-time suspension of the need for extending credit to the company's farm customers and the war-time suspension of normal plant maintenance and construction. While it is not suggested that the company's liquid assets or its surplus and reserves provide any measure of the additional wages that should be paid, it is clear that an additional wage bill of 18 millions could be met without financial embarrassment and without encroaching on the 335 million dollar book value of the company's preferred and common stock.

A continuing policy of drawing cash and reserves to pay wages would be disastrous to any company. Fortunately, however, there is good reason to think that International Harvester can avoid any such result. The postwar prospects of this company, while uncertain in detail, are unusually favorable. The back log of the unsatisfied demand of farmers for equipment is well known and the longer-run trend toward the mechanization of agriculture promises a bright future for the sales of this company. There is every indication that International Harvester, through its initiative, foresight and prudence, has placed itself in a strong position to make the most of the opportunities which lie ahead. In this matter, the company has been favored, as well,

by recent circumstances. Even during the war, half of its sales consisted of products for civilian use and the aggregate of its sales of tractors, farm implements and trucks to civilians were greater in 1944 than in 1940. Moreover, the company has been spared any large problem of reconversion from the production of war products to civilian products because most of its war products were similar to its civilian lines and were produced by similar methods.

The company's own confidence in its future is illustrated by its announced plan of spending 100 to 150 millions on plant expansion, including the erection of a new plant in Mexico. Before the end of 1945, the company's war-time contracts had been almost completely cancelled, its reconversion of facilities was well advanced and its new light-weight tractor was on display.

The recommendation of this Board for an 18-cent increase in wages was not derived in any way from the company's financial statements. However, even a superficial examination of the financial statements, that were freely submitted by the company, provides ample support to this Board's belief that the cost of a wage increase of 18 cents an hour can be met by the company without difficulty. This conclusion could have been reached even if the company had not offered a wage increase of 17 cents. The net cost of the Board's recommendation exceeds the cost of the company's offer by about one million dollars a year, a figure which may be compared with net profits after taxes which have exceeded 20 millions in every year since 1939.

(2) Earnings and Living Costs

The straight-time earnings of workers in the plants involved in this dispute advanced from 85.6 cents per hour in January 1941 to $1.16 per hour in September 1945. This represents a percentage increase of 35½ percent. Meanwhile the government's official measure of the cost of living advanced by 33 percent. Thus if the Board had adopted this particular test of the union's wage demand, there would have been no general wage increase whatsoever. Even if the union estimates of the increase in living costs were used in comparison with the overall increase in straight-time earnings, only a very small wage adjustment would have been indicated.

The Board has considered seriously, however, the fact that any general average of straight-time hourly earnings is the result of a large number of influences. The company itself has described these influences in great detail, following a classification developed by the U. S. Bureau of Labor Statistics. (See "Contentions of the Parties", above). Many of the reasons for the war-time increases in straight-time earnings will disappear with peace-time conditions of production; thus an uncritical comparison of straight-time earnings with the official measure of living costs may be very deceptive.

As regards wage rates, there is one solid fact which the Board can rely upon, namely the war-time increase in the basic minimum wage rate in the company's plants. Since January 1941, this company has raised the minimum rate in the plants involved in this dispute by 14½ cents an hour. This 14½-cent increase was granted to all the factory workers in these plants. An increase of 14½, compared with the straight-time average of 85.6 cents an hour in January 1941, is equivalent to a general wage increase in living costs of 33 percent. Merely to equalize a 33 percent rise in living costs from a base figure of 85.6 cents, a wage increase of 14 cents an hour would be required (85.6 x 0.33 = 28.2; 28.2 - 14.5 = 13.7)

A special factor in the present case is the withdrawal by the company, in March 1943, of its previous service compensation bonus. A company representative testified before this Board that the withdrawal of this bonus would save the company about 2 percent of its wage bill. This 2 percent saving to the company, which may be very well offset by a general wage increase, is equal to slightly more than 2 cents an hour.

(3) Recent Patterns of Collective Bargaining

The Board's recommendation for an 18-cent wage increase in this case is equivalent to slightly more than a 15 percent increase in the present level of straight-time earnings. This recommendation has been found to be closely in line with the pattern of recent wage settlements in related industries.

As for the farm machinery industry itself, the International Harvester Company is the leading producer and no final wage settlements have been concluded by the other leading manufacturers.

However a number of important wage settlements have been made since V-J day by companies which employ workers of similar skills, which are of similar size and which have similar conditions of price margin and profit position.

In general, the recent results of collective bargaining in related industries, as compiled by the U. S. Bureau of Labor Statistics show wage increases of 10 to 20 percent or of 5 to 20 cents per hour.

Among these settlements, perhaps the most influential are those of the steel industry and the Ford and Chrysler companies. The steel settlement results in an 18½-cent increase, coupled with a substantial increase in the prices of steel products. The Ford Company settled for 18 cents and the Chrysler Corporation settled for 18½ cents. Since International Harvester

is a producer of steel and a competitor with Ford and Chrysler in the sale of motor trucks, these three recent settlements are of prime importance. Some attention should also be paid to the settlement of the General Motors Corporation with its electrical workers for a wage increase of 18½ cents an hour, as well as the 19½ cent recommendation of the Fact-finding Board in the General Motors case, involving those plants which are organized by the automobile workers rather than by electrical workers.

Among the other recent settlements in the metal-working industries wage increases of 15 percent are very common in cases of the larger companies where the settlements are final (and thus not contingent on settlements in other cases).

The Board believes that the cases which have been cited indicate that its recommendation of 18 cents, averaging about 15½ percent, is not out of line with the pattern of recent settlements through collective bargaining in related industries.

(4) Executive Order 9697

After preparation of the above findings and recommendations on the general wage issue, but before the transmittal of this report to the Secretary of Labor, Executive Order 9697 was issued. That Order provides that "All arbitration awards, and all recommendations of publicly-appointed fact-finding panels, with respect to wage or salary issues shall conform with the standards of this order."

We are of the opinion that the entire amount of the increase herein recommended is approvable under the standards set forth in paragraph 3(a) of Executive Order 9697. To the extent which it might be found to be unapprovable, should the Company elect to ask prior approval of the appropriate stabilization agency, it is our opinion that any such excess could be absorbed by the Company and waived as provided by paragraph 3(c) of the Executive Order.

II. UNION SECURITY

The Union has demanded a union shop with check-off of initiation fees, dues, fines and assessments.

In collective bargaining and in the procedures before the Board, the Company expressed a willingness to grant some form of union security. The real difference between the parties was the extent and the form that such union security should take.

In the expired contract, the Union was granted a maintenance of membership provision, which was placed in effect after a referendum was held among the workers under the auspices of the National War Labor Board.

We believe that a fair and equitable provision, which will insure the Union the fullest measure of security consistent with the rights of individual employees and the least administrative difficulty to the Company, would be a maintenance of membership clause with a 15-day escape period and the voluntary Little Steel type of check-off to cover reasonable Union initiation fees, dues and assessments. The present maximum limits for initiation fees, dues and assessments, which appear in the Union's constitution and by-laws, are as follows: initiation fees $15.00; dues $1.50 per month; assessments, $1.00 per year.

It will be noted that the Board does not recommend the check-off of fines.

III. PAY TO UNION STEWARDS

The expired contract, which has been in effect since 1942, called for the payment by the Company to Union committeemen and stewards for time spent in the settlement of grievances. The Company, in collective bargaining meetings with the Union and in these proceedings, has indicated a willingness to continue the practice, if reasonable limits could be established so as to avoid abuses. The Company representatives have stated that certain of the local Unions have grossly abused this provision of the expired agreement.

The Board recommends the continuance of the contract provision in the expired agreement, with slight modification. We call attention to the fact that the modification recommended by the Board permits the Company to inaugurate a grievance at the third step of the grievance procedure, and that if no satisfactory agreement can be arrived at by the parties, the allegation of abuses is subject to the arbitration provision at the final step of the grievance procedure.

We urge the responsible Union officials to take cognizance of the abuses which seem to be indicated by the record in certain of the locals here involved. Payment to stewards and committeemen should be kept within reasonable bounds and limited to necessary time actually spent on grievances.

IV. ARBITRATION

Neither the Company nor the Union have any objection to provision for arbitrations at the end of the grievance clause of the prospective contract. There are two major points of difference between the parties, however. The Company is fearful that the arbitration provision proposed by the Union will lead to the compulsory arbitration of all matters in dispute throughout the life of the agreement, regardless of the nature or scope of such disputes. The Company has stated that if arbitration is limited to grievances arising under the terms of the agreement, i.e., involving its interpretation and application, they would have no objection.

The Company is also opposed to the Union's proposal for a permanent umpire system. They prefer ad hoc arbitration.

The Board recommends that provision be made for arbitration at the conclusion of the grievance procedure, arbitration, however, to be limited to grievances involving the interpretation or application of the terms of the contract. It should be noted that the recent President's National Labor-Management Conference unanimously agreed that arbitration in collective bargaining agreements should take this form.

While the Board believes that a permanent umpire system of arbitration would be more desirable here because of the complexity of the issues involved in the numerous grievances which have arisen under the recently expired contract, as witnessed by cases involving these

grievances which have come before the National War Labor Board, we hesitate to recommend provision for a permanent umpire system in the contract unless by agreement of the parties. We recommend that the parties give serious consideration to naming an arbitrator in the contract, whose term of office would extend for the life of the agreement, unless otherwise changed by mutual agreement. We believe that the value of the services of an arbitrator to the industrial relations welfare of the parties may be considerably enhanced by the experience gained through more frequent contact with the shop practices prevailing in the various International Harvester plants and the characteristics of the Company's wage and incentive system than would be possible under an ad hoc arrangement.

However, if the parties are unable to agree upon the principle of a permenent umpire, to be named in the contract, we then recommend that the arbitration clause in the prospective contract call for a agreement between the parties on an arbitrator on a case to case basis, with further provision that the arbitrator be named by the Director of the United States Conciliation Service in the event there is a failure to agree within a limited period.

V. WAGE STRUCTURE

Summary of Issues

Apart from the issue of a general or overall wage increase, the Company and the Union have been in disagreement over a large group of issues relating to the structure and application of wage rates. In general, the Union has been demanding a series of steps to simplify the wage structure, to correct alleged inequalities (without the lowering of any existing rates), and to give the representatives of the workers a greater control of the application of wage policy to particular situations. The Company's general position is that the existing wage structure is the result of long experience and scientific study so that while it may be improved in detail it should remain unchanged in essentials.

For simplicity, the set of issues relating to wage structure may be summarized under four headings:

A. Incorporation of general wage increases with the piece-work base.

B. Revisions of structure of job classifications, labor grades and resulting wage rates.

C. Revision of the procedure of setting piece-work prices.

D. Liberalization of allowance rules for piece workers.

A large number of particular issues have been presented under the second heading as listed above.

A. General Wage Increases and the Piece-Work Base.

Plant-wide wage increases in wages (since 1936 amounting to a total of 24½ cents per hour in most of this Company's plants) have been

added to the base pay of each worker, regardless of whether that worker was paid on an hourly or a piece-work basis. For an hourly-paid worker, no problem arises. For example, a class of workers whose straight-time hourly rate was 60 cents in 1936 would have a corresponding rate of 84½ cents per hour at present. For piece workers, however, a problem has arisen. Should the various general increases be simply added to the straight-time compensation for the hours on duty or should the piece rates themselves be adjusted proportionately? This Company has chosen the former alternative. A piece worker now receives an hourly bonus of 24½ cents for each straight-time hour of work, in addition to his piece-rate earnings. In the case where this piece worker is employed for overtime hours, he receives a bonus of 36-3/4 cents, or time and one-half, for those overtime hours.

The Union contends that these past general wage-rate increases, and any future general increases, should be incorporated into the piece rates themselves. The Company wishes to retain its present system of merely adding the general increase as an hourly bonus to the piece workers. Because more than half the workers involved in this case are employed on a piece-rate basis of payment, this issue has a wide application.

The Union, in support of this demand, contends that the piece workers have lost an average of 2½ cents per hour as the result of the failure of the Company to incorporate general wage-rate increases into the piece-rate structure. The Company contends, first, that acceptance of the Union

demand would require a large volume of computation in the adjusting of thousands of individual piece rates. Further, the Company contends that the Union's proposal would amount to a "hidden wage increase" for piece workers because most of them have been earning more than the expected normal rate.

The Company's present practice of adding general wage increases as a bonus to its piece workers does not put these piece workers under any general disadvantage. This Board is not willing to recommend that the Company's system be revised, in this respect, because it is not clear to the Board that the workers, as a whole, would gain any advantage from a revision. At the same time, the Board calls the attention of the Company to certain advantages the Company might gain by the revision of its procedure.

Under the present system of the Company, the general wage rate increases operate to dilute the incentive basis of the Company's piecework system. On the one hand, the earnings of a piece worker are supposed to be closely related to his effort. On the other hand, the Company now adds an hourly bonus to his earnings that is not related to his effort.

From the Company standpoint, it may be very advantageous to base the incentive factor on the existing basic scale of earnings, rather than to dilute the incentive factor by means of an unrelated bonus.

From the Union standpoint, this particular demand appears to the Board as reflecting its desire to increase the earnings of the most

efficient piece workers. That objective, though highly laudable, needs to be weighed against certain other considerations.

The Union's allegation that the Company's present system has cut piece-work wages by 2½ percent must be related to the special conditions of war-time production. Under these conditions, the piece workers were anxious to produce to the limit of their strength. As a result, many piece workers greatly increased their output. These piece workers might have earned more than they did if the general wage-rate increases had been incorporated into the piece-work base. It does not follow, however, that the postwar piece workers, as a whole, would benefit from the acceptance of the Union's proposal.

The general increases heretofore granted have not been integrated into the piece-rate prices since 1936. Therefore, unless a change is accomplished through collective bargaining, we do not recommend that the practice of the last ten years be changed.

B. Revision of Job Classifications, Labor Grades and Individual Wage Rates.

A system of job classification, for evaluation, labor grading and resulting wage rates, is in effect in all of the Company's plants. This system of determining the wage structure is considered by the Company to be well established and scientific. The Company's specific wage rates in its individual plants are also said to be comparable to those that are established by local labor market conditions.

Wage Structure --

Under the present system, the thousands of Harvester workers are classified under a number of occupational titles. These occupational titles are sub-classified, in many instances, into two to five sub-classes (e.g., Inspecotrs A, B, C, D, E) according to the ascending order of competence which is alleged to be involved. The sub-classes of jobs are, in turn, grouped into labor grades. Each of these labor grades are designed to group together the jobs or sub-classified jobs into classes which have similar job requirements.

For its hourly-paid workers, the Company has established 19 labor grades, each with a specific minimum and maximum hourly rate for each of its plants. Workers progress within the rate range (minimum to maximum) under an established merit rating plan administered by the Company.

For its piece workers (3/5 of the total production force), the Company's system is somewhat more involved. There are 23 labor grades for the piece workers, each with its distinctive base and occupational earning rate, from which the piece-work price for the operation is derived. In addition, each group of piece workers, in a given labor grade, is guaranteed a certain minimum hourly earning in case his piece-rate earnings fall below the specified guarantee.

Opposing Contentions.

1. Labor Grades. The Union is demanding that there should be no more than ten labor grades to include all hourly-paid and piece workers. The Company contends that its present system of

Wage Structure, cont'd. --

19 grades for hourly-paid workers plus 23 grades for piece workers is based on long experience and scientific study. Nevertheless, the Company has offered to explore with the Union its present system of labor grades, with a view of consolidating such labor grades as may be shown to be not based on adequate distinctions.

2. Job Classifications. The Union demands that there should be no more than two sub-classifications of any job. The Company cites the wide range of its products as a basis for its contention that the existing number of sub-classifications is necessary under each of its job titles.

3. Single Rate for Hourly-Paid Jobs. The Union would like a single hourly rate for each group of jobs instead of a rate range as at present. Alternatively, it is demanding a system of automatic length of service progression from the minimum to the maximum of the rate range. The Company contends that any departure from the present system of company-determined merit increases would decrease the incentive of these workers to improve their usefulness to the Company.

4. Premium Pay for Combination Jobs. The Union is demanding a higher job evaluation and rate for workers who are required to perform two or more jobs or tend two or more types of machines. The Company contends that these combinations represent standard industrial practice, that no excessive effort is involved and that any attempt to reclassify these special combinations of jobs would disturb the whole wage structure.

Wage Structure --

5. Equal Pay for Women is demanded by the Union wherever women are employed at work of the same labor grade as that performed by men. The Company contends that competitive situations in each area determine the hiring of women and their wage rates, but that it is willing to consider alleged cases of discrimination because of sex.

6. Inter-Plant Wage Differences. The Union asks for equal wage rates in all plants (wherever situated) for work in a given labor grade. The Company replies that its present differentials are designed to reflect the prevailing rates in each of the areas where the several plants are operated. The Company contends that this demand would involve the raising of all rates to its highest level, a proposal that is unsupported by any statistics as to area differences in wages.

7. Relation of Hourly and Piece Rates. The Union proposes that the hourly rate for each labor grade (if a single rate) or the mid-point of the rate range (if a rate-range system is retained) be equalized with the occupational earning rate for piece workers. The Company contends that it is not only impracticable to assimilate the hourly and piece rates into any single system of labor grades and pay rates because the conditions of work are different as between time work and piece work, but that the proper comparison of wage rates between day-rate workers and incentive workers is the day-work rate compared to the piece-work guarantee.

Wage Structure, cont'd. --

The confusions of the testimony as to the Company's wage-rate structure provides an ample indication that the basis of its wage-rate policy has not been made clear to its workers. If the experts of the Union and the Company could not make the logic of this wage structure clear in extensive hearings before this Board, it is hardly possible that the logic of this wage system could be clear to the individual worker in the Company's plants.

Accordingly, the Board finds that the Company and the Union should negotiate a simplification of the Company's present wage structure with the object of reducing the number of job classifications and labor grades to the smallest number that can be justified as representing real differences of effort, skill, precision, experience and conditions of work. In view of the fact that past negotiations on these matters have failed to result in agreement, the Board recommends that the Company and the Union should jointly employ a technical expert who would report to both parties, without any commitment by either party to accept any recommendations by this expert. Such a report could then be the basis of informed collective bargaining upon this issue.

In view of the fact that this group of issues are very detailed in nature, the Board must limit its specific findings to a very few guiding principles:

1. The smallest possible number of labor grades should be sought, as determined by real and important differences in the requirements of the various classes of work. In this matter, neither the West Coast Air Frame decision of the War Labor Board,

Wage Structure, cont'd. --

nor the decision of the Regional War Labor Board for metal working in the Chicago area, nor the standard labor-grade systems of various employer associations should be regarded as in the nature of a fixed precedent.

2. A very definite effort should be made to negotiate a smaller number of sub-classifications under the Company's various job titles. Some of the distinctions alleged in sub-classifications of jobs presented before this Board appear to the Board as artificial and subjective in nature. It may be that real differences, inadequately expressed, may lie behind these subclasses of jobs. If so, the Company has a real duty to make the basis of these distinctions more lucid. The Board refrains from recommending any definite limit to the number of sub-classes within any occupational title because any such finding would be artificial and unreal. A distinction that would appear as a sub-classification under one system of titles would be represented by two different occupational titles under an alternative system.

3. The Board recommends denial of the Union request for a single rate for hourly-paid jobs. It is clear, on the one hand, that advancement within a labor grade should be based on the real achievement of the worker rather than on any personal favoritism. Also, it is clear that an efficiently-operating

Wage Structure, cont'd. --

company has reason to insist upon some method of rewarding its more efficient workers in any occupational class. In place of an abolition of the Company's rate ranges, it is suggested that alleged inequalities of wage rates resulting from failure to grant merit increases within the rate range be made the subject of the normal grievance procedures.

4. The Union has failed to establish any gross inequality resulting from the Company's occasional practice of requiring workers to perform combined jobs within the same general labor grade. This matter may be appropriate for future negotiations between the Company and the Union, but is not appropriate for a finding on the basis of the record so made in these proceedings.

5. The Company has indicated that it is willing to pay the same rate of wages to women as to men in any given plant if the real conditions of work of the two groups and their performance are similar. Accordingly, no finding is required of this Board at this point except that alleged violations of this equal-pay principle should be subject to question through the regular grievance procedure.

6. Official statistics and the record in this case provide no basis for supposing that the work in an established labor grade should be paid at the same rate in different areas. On the contrary, wide differences in wage rates for similar work prevail in the different areas in which plants of this Company are

located. For this reason, the Board cannot form any conclusion as to claimed inter-plant inequalities. Indeed, the Board raises a question whether the Company should attempt to apply a single system of job evaluation, labor grading, and rate-setting to its various plants, engaged as they are in very different operations and located, as they are, in very different labor markets.

7. The relationship of the hourly and piece-rate wage structure of this Company represents one form of the general issue in which the Board has already made a finding: namely, that every attempt should be made to simplify the wage structure of this Company and to make the results understandable to the Company's employees. The difficulty of understanding could be most easily resolved if the Company could negotiate a single system of labor grades for piece workers and for hourly-paid workers, with appropriate differences in their normal earnings, class by class. If this degree of simplification does not prove to be practicable, then the Company should negotiate a common understanding with the Union as to the basis for the differentiation. In case such negotiation should not result in substantial agreement, the Board recommends the joint employment of an expert investigator who would make a report to both parties, without any advance commitment by either party to accept his findings.

C. Revision of the Procedure of Setting Piece-Work Prices.

Basis of the Issues. The Company places its production workers on piece rates as soon as it believes it has established a valid basis for

a piece rate for any given operation in an individual plant. The individual operation is first classified into one of the 25 labor grades that have been established for piece workers. For each of these labor grades, an occupational earning rate has been established. This "earning rate" is the amount per hour of straight-time work which a normally efficient worker is expected to earn at incentive efficiency on work of the prescribed labor grade. Once this "earning rate" has been established, the operation is timed to determine how many pieces a normal worker can be expected to produce each hour. Certain rest period and other allowances are made in figuring the expected rate of production. By dividing the "earning rate" by the adjusted rate of output per hour, the Company arrives at the rate per price which it deems appropriate for the individual operation. Besides the occupational earning rate, each labor grade of piece workers has an occupational day rate. The latter rate is a guaranteed minimum earning per hour which will be paid under all circumstances. The guaranteed day rate is normally about 20 percent below the earning rate because the Company expects that there will be a 20 percent difference between the output of a piece worker and a time worker on the same job.

The Union contends, as has been noted above, that the labor grades of piece workers and time workers should be amalgamated into a total of ten labor grades. On this particular point, the Board's findings have been given. Apart from any such integration of labor grades, the Union desires to reform the administration of the Company's

piece-work system in the following ways:

1. By establishing piece-work prices at levels designed to yield 30 percent more than the base rates for time workers in the same labor grade.

2. By deferring the making of time studies for the setting of piece rates until the normal method of manufacturing for any given occupation has been established.

3. By requiring that a union steward participate in the making of all time studies.

4. By timing all workers on the basis of 100 percent efficiency without any arbitrary judgments as to whether the worker was operating at above or below normal efficiency.

5. By providing allowances in timing for fatigue, personal needs and clean-up time.

6. By announcing the piece-work price within one working day after the completion of the time study.

7. By informing the Union steward in writing of each new piece-work price.

8. By abstaining from changing any piece-work price unless there has been a substantial change in the operation, or the introduction of a combined operation, or a claim that the piece rate is too low.

As to these demands, the Company has contended, in general, that its present system of fixing piece rates is fair and equitable.

Specifically, the Company contends that there is no basis for raising piece rates to yield 30 percent more than the respective base rates, that its present timing of piece-rate studies is fair, that its allowances are equitable, that union representatives have ample knowledge of the rates, and that the Union demands would require useless work on the part of the Company and lead to useless contentions.

With respect to these demands, the Board finds:

1. The Union's reason for asking an increase in piece-work prices to yield 30 percent above the base rate is not proved by any evidence in the record and, accordingly, is not recommended.

2. The Union's request that time studies be deferred until normal conditions of production are established is a reasonable request. However, we have no reason to believe, from the evidence adduced at the hearings, that the Company has failed to conform to this procedure in the past. The exact application of this entirely proper standard to particular cases must be a subject of negotiation and any alleged departures from it should be made subject to the normal grievance procedure.

3. In place of the Union's request for the attendance of shop stewards during time studies, the Board recommends an alternative procedure, as described below. Any rigid requirement of the type requested by the Union would appear to the Board to be onerous and out of proportion to any benefit to the workers.

4. While it may be impractical to time each worker as if he were 100 percent efficient, it is elementary that the workers

involved should know what standard of efficiency was assumed by the Company in recording time studies for the basis of establishing piece rates. This knowledge should be available as a result of a finding described below.

5. The Company's particular system of allowances in making time studies constitutes too detailed a subject for adequate assessment by this Board. Again, the essential standard should be that the workers affected should have free access to the relevant information so that any injustices in the final result may be corrected through the regular grievance procedure.

6. The Union request for the announcement of piece-work prices within one working day of the completion of its time studies constitutes a demand that is not supported by any substantial evidence in the record of these proceedings. While any unreasonable delay should be avoided, the Board is unable to see the reason for any such rigid requirement.

7. The Board is impressed with the need to inform the workers affected of the results of time studies, the basis for any company estimates of efficiency of the workers who are timed and the Company allowances for such factors as fatigue and personal needs. Likewise, the piece workers affected by any new rate are entitled to a clear and prompt statement of exactly what the new rate is. These requirements are as much in the interest of the Company as the Union. Accordingly, the Board finds that it would be reasonable for the Company to provide

the above-mentioned particulars to the individual workers involved in any new piece-work rate and to make such information available freely and promptly on the request of any authorized representative of the workers affected.

8. An elementary standard of piece-work administration requires that a piece rate, once established, should not be changed unless the relevant conditions of work are subsequently changed or unless an error or oversight was made on establishing the original rate. To this extent, the Board finds reason in the Union's resistance to revisions of piece rates. Naturally, any inequities or errors made by the Company in the original establishment of a piece rate should be a free subject for negotiation between the Company and the Union and subject to the grievance procedure of the Contract.

D. Allowance Rules.

Allowances are wage payments made to incentive workers to compensate them for the loss of their regular incentive earnings where the regular and normal production methods are impeded, interrupted or halted for reasons which may be the fault of the incentive worker, management, or from an outside cause for which neither is responsible. Allowances do not necessarily have to be in excess of the minimum guarantee made to the piece work operator, nor is it true that the minimum guarantee for the incentive worker is the only payment he has the right to expect when he fails to make out through no fault of his own.

The International Harvester Company has recognized for some time past the justice and fairness of making allowance payments to pieceworkers

under various situations which act to limit or curtail the pieceworkers' normal earnings.

The Union is in effect demanding that the average piece-work earned rate be guaranteed to the employee under almost all situations where an allowance rule might apply.

The same issue has been before the National War Labor Board on numerous occasions from 1943 on. The issue was fully heard before a Panel of the Sixth Regional War Labor Board in a case involving eight of the plants represented in these proceedings in Case #111-2193-D. The allowance rule question was also heard before another Panel of the sixth Regional War Labor Board in Case #111-2789-D. The latter case involved only the East Moline Workers of the International Harvester Company. A series of directive orders were issued in both of these cases after further hearings before the Sixth Regional War Labor Board itself, and several petitions for reconsideration were also considered by both the Regional and National War Labor Board. In fact, the proceedings involving this issue were so numerous and actions taken by the Regional and National Board so varied that the precise status and meaning of the several directive orders which were issued are subject to conflicting interpretations.

The allowance rule question has been the subject of bitter controversy between the parties and has resulted in at least one major work stoppage. In view of the history of the dispute over the allowance rule

question and the inherent complexity of the problems it presents, makes it exceedingly difficult to expect that this Board could be nay more successful in resolving the issue to the satisfaction of the parties than the numerous War Labor Board agencies which have dealt with the problem heretofore.

After examining the history of the various disputes involving the allowance rules before the War Labor Board, the records of which were introduced in evidence before the Board, and considering the additional evidence and argument presented to us during the course of these proceedings, we cannot be persuaded that the average piece-work earning rate should be allowed in all instances, except where the failure to make out is clearly due to the employee's lack of efficiency or application on the job, as contended by the Union.

We do believe, however, that in all cases where allowances are deemed necessary, the piece worker should be paid his occupational earned rate or his average piece-work earning rate, depending on the degree of effort expected and the responsibility placed upon him under the particular conditions which gave rise to the grievance. By way of example, it seems obvious to us that where a worker encounters hard stock, faulty material, or is given erroneous instructions, and is required to continue with the job after calling the situation to the attention of his supervisor, he has every reason to expect to be guaranteed his average piece-work earning rate. Similarly, where,

because of his special skill and aptitude, he is called upon to leave his regular job to perform experimental or other work not a regular part of his assigned duties and which he performs for the convenience of management, he should also receive his average piece-work earning rate. However, it seems equally obvious that where a temporary breakdown occurs and he is called upon to perform some other work to occupy his time, which work does not call for anything more than day-rate effort or efficiency, industrial practice generally does not call for the payment of the average piece-work earning rate.

We have not and shall not attempt to set forth a complete set of allowance rules. One of the great difficulties in the past, it seems to us, has been the attempt on the part of agents of the War Labor Board, to set forth in precise detail each and every situation which could possibly call for the application of an allowance rule. Both parties have been guilty of seizing upon language used in War Labor Board recommendations and orders to drive a bargaining wedge into the other's position.

We believe we have set forth a general "rule of reason" which can be used by the parties in further collective bargaining or as a general guide, the details of which can be blocked out on a case to case basis through the grievance machinery and arbitration if necessary. If the recommendations of this Board on the arbitration issue are followed, the parties will for the first time have contractual provision for the use of arbitration at the end of the grievance procedure.

VI. VACATIONS

The present vacation plan of the Company for the employees covered in these proceedings provides for a vacation of one week for employees having one but less than five years of service, and two weeks for employees having five or more years of service. The plan also provides for certain minimum attendance requirements before an employee may qualify for all or part of the vacation period called for by his overall length of service. For example, an employee who has five or more years of service would require a vacation, the length of which would be determined by the following schedule:

Days Worked in 1945	Vacation Days in 1946
112 to 134	5 days
135 to 157	6 days
158 to 179	7 days
180 to 202	8 days
203 to 224	9 days
225 to 250	10 days
251 to 276	11 days
277 and over	12 days

The Union has requested liberalization of the presently existing plan to provide a vacation of one week for employees having six months or more but less than a year of service; two weeks for employees having one or more but less than five years of service; and three weeks for employees having five years or more of service. The Union has also requested a new method of computation of vacation pay and the entire elimination of attendance requirements during previous periods of employment.

Vacations, cont'd.

The Company has estimated that the increased cost of the vacation plan requested by the Union would be approximately $4,000,000 per year. This estimate includes the cost not only of the employees directly involved in these proceedings but is based upon the cost if the vacation plan were made effective throughout all of the plants of the Company, including those now represented by other bargaining agents.

The Company has indicated a willingness to liberalize to some extent its present vacation plan, in spite of the fact that it is as liberal a plan as one will most commonly find in industry in the areas in which the plants involved in these proceedings are located. The only respect in which the Company's present vacation plan seems to be less liberal than that which prevails in industry generally is in the detailed attendance requirements.

In view of the Company's expressed willingness to liberalize the present vacation plan for employees with 15 years or more of service, we recommend that the prospective collective bargaining contract make provision for three weeks vacation for employees having 15 years or more of service.

As to the attendance requirement provisions, we recommend that a minimum of 120 days worked in the year preceding the vacation period be the sole qualification for receiving the vacation benefits, provided further that for the vacation period next ensuing those employees who have worked a minimum of 112 days but not exceeding 119 days or any fraction thereof shall not suffer loss of any vacation benefits which they would otherwise have had under the expired contract.

Vacations - cont'd.

It should be noted that this last provision will apply only for the vacation period next ensuing. We recommend this provision so as to avoid reducing the vacation benefits to anyone who during this year and prior to the final execution of a completed contract has had reasonable expectations that the vacation benefits guaranteed by the expired contract would not be reduced.

VII. PREMIUM PAY FOR CONTINUOUS OPERATIONS

In certain continuous operations as, for example, powerhouse and heat-treat employees, plant guards, etc., employees have staggered workweeks. That is, although they do not normally work more than five days a week, work on Saturday and Sunday is frequently a part of the five-day shift. Because Saturday and Sunday work is made necessary by the very nature of the job, these employees do not presently receive any overtime premium for work on Saturday and Sunday as such.

The Union has demanded that these employees be paid at overtime rates for all Saturday and Sunday work, as now paid to all other production and maintenance employees.

It should be noted that when continuous shift employees are required to work on either of their normal days off, they are paid at overtime rates.

The sole reason for the Union demand is to give additional compensation to these employees for the loss of social intercourse of which the Saturday and Sunday work deprives them.

The Company has indicated in collective bargaining and before the Board that some further liberalization of the present method of compensation to continuous shift workers might be appropriate, but that the granting of the full demands of the Union are unreasonable and out of line with industry practice generally.

We recommend that continuous shift employees be paid time and one-half for all work performed on Sunday.

SUMMARY

I. General Wage Issue

1. We recommend a general wage increase of eighteen (18) cents per hour.
2. We recommend an adjustment equivalent to a ten (10) percent general wage increase effective October 1, 1945; the balance necessary to adjust wage rates up to the full eighteen (18) cents per hour to be made effective upon the resumption of operations.
3. In our opinion the entire amount of the increase recommended is approvable under the standards set forth in paragraph 3(a) of Executive Order 9697. To the extent which it might be found to be unapprovable, should the company elect to ask prior approval of the appropriate stabilization agency, it is our opinion that any such conceivable excess could be absorbed by the company and waived as provided by paragraph 3(c) of the Executive Order.

II. Union Security

1. We recommend that there be included in the contract the standard maintenance of membership provision, as developed by the National War Labor Board, with a fifteen day escape period.
2. We recommend the voluntary automatic "Little Steel" type checkoff to cover reasonable Union initiation fees, dues and assessments.

III. Pay to Union Stewards.

We recommend continuance of the provisions in the expired contract concerning pay to Union Committeemen and stewards, except that any elleged abuses by the Union may be initiated as a grievance by the Company at the third step in the grievance procedure. (The third step provides for meetings between the plant grievance committee and the superintendent of the works.) Any such grievances shall be subject

to the arbitration provision recommended hereafter.

IV. Arbitration

We recommend that the prospective contract make provision for the arbitration of disputes involving the interpretation or application of the terms of the contract, the expenses of arbitration to be shared equally by the parties.

V.A. Effect of General Wage Increases on Piece Work Prices

We do not recommend any change in the practice, as uniformly applied during the past ten years, of paying all general wage increases to piece workers as an hourly bonus.

B. Revision of Job Classifications, labor Grades and Individual Wage Rates

We recommend further collective bargaining by the parties on certain of the changes requested in the Company's wage structure. Detailed findings and recommendations on the seven principle points involved in this issue are set forth in the main body of this report.

C. Procedures in Setting Piece-Work Prices

Recommendations on the eight principle points involved in this issue are set forth in the main body of this report.

D. Allowance Rules

Standards for the payment of allowances to piece-workers are set forth in the main body of this report.

VI. Vacations

1. We recommend liberalizing the present vacation plan to provide for three weeks vacation for all employees having fifteen years or more service.

2. We recommend amending the present attendance requirements of the

vacation plan to provide that the sole qualification for receiving vacation benefits shall be a minimum of 120 days worked in the year preceding the vacation period, provided further that for the vacation period next ensuing those employees who have worked a minimum of 112 days but not more than 119 days or any fraction thereof shall not suffer loss of any vacation benefits which they would otherwise have had under the expired contract.

VII. Premium Pay for Continuous Operations

We recommend that continuous shift employees be paid time and one-half for all work performed on Sunday in addition to the overtime premiums present paid.

COLUMBIA UNIVERSITY LIBRARIES
0044256248

D 267 Un395

D267 Un395

U.S. Labor Department
Report and Recommendations of
Fact-Finding Board in International
Harvester Case

11/21/57 M. L. Eskenazi
DEC 5 '57 542 W 114 St.

NEH
MAR 26 1994
MSH 00911

NOV 15 1949

END OF
TITLE